

FISCAL NOTE
HB 4000 - SB 4056

February 28, 2008

SUMMARY OF BILL: Levies the sales and use tax on property or services used by spallation neutron source (SNS) facilities when such property is leased.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$474,000

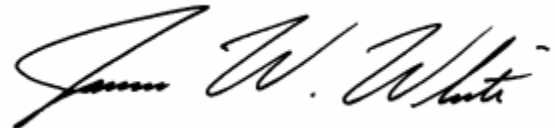
Increase Local Revenue - \$152,400

Assumptions:

- According to the Department of Revenue, and based on a study prepared for the Department of Economic and Community Development by the University of Tennessee, operations of the SNS facility would be able to generate approximately \$2,370,000 in state sales tax revenue for FY07-08. However, such facility is currently exempt.
- Twenty percent of the tax is related to leasing of property or service.
- The increase to state revenue is estimated to be \$474,000 ($\$2,370,000 \times 20\% = \$474,000$) per year.
- The current state sales tax rate is seven percent.
- The local option sales tax rate is estimated to average two and one-quarter percent.
- The increase of local government revenue is estimated to be \$152,400 [$(\$474,000 \div 7.0\%) \times 2.25\% = \$152,357$] per year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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